

HOUSE BILL REPORT

HB 2440

As Passed House:
February 17, 2014

Title: An act relating to modifying the definition of "oil" or "oils".

Brief Description: Modifying the definition of "oil" or "oils."

Sponsors: Representatives Fitzgibbon, Tharinger, Short and Ryu; by request of Department of Ecology.

Brief History:

Committee Activity:

Environment: 1/22/14, 1/31/14 [DP].

Floor Activity:

Passed House: 2/17/14, 90-6.

Brief Summary of Bill

- Changes several statutory definitions of "oil" or "oils" as applied in oil spills and cleanup programs to explicitly include bitumen, synthetic crude oil, and natural gas well condensate.

HOUSE COMMITTEE ON ENVIRONMENT

Majority Report: Do pass. Signed by 11 members: Representatives Fitzgibbon, Chair; Senn, Vice Chair; Short, Ranking Minority Member; Pike, Assistant Ranking Minority Member; Farrell, Fey, Kagi, Morris, Nealey, Ortiz-Self and Tharinger.

Minority Report: Do not pass. Signed by 1 member: Representative Overstreet.

Staff: Megan Mulvihill (786-7291) and Jason Callahan (786-7117).

Background:

Washington requires vessels transporting petroleum products to prepare contingency plans for oil spills along with providing evidence of financial responsibility. The Department of Ecology is also responsible for managing the Statewide Master Oil and Hazardous Substance

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Spill Prevention and Contingency Plan. The definition of "oil" or "oils" under these provisions means oil of any kind that is liquid at atmospheric temperature and fractionation, which is the use of heat to separate hydrocarbons to refine the oil. Those oils explicitly listed are, but are not limited to: crude oil, petroleum, gasoline, fuel oil, diesel oil, biological oils and blends, oil sludge, oil refuse, and oil mixed with wastes other than dredged spoil.

Bitumen and Synthetic Crude Oil.

Bitumen is thick, heavy oil mixed with sand and water. Bitumen is hard and will not flow until it is diluted or heated above 11 degrees Celsius. Bitumen, also known as oil sands, is found in many countries, but the largest deposits are located in Canada. There are two forms of extraction: surface mining; and drilling known as "steam assisted gravity drainage." Steam assisted gravity drainage drilling involves pumping steam underground through horizontal wells to liquefy the bitumen, which is then pumped to the surface via a second well. Processed bitumen creates synthetic crude oil.

Natural Gas Well Condensate.

Natural gas wells contain both natural gas and a liquid condensate. The condensate is a liquid hydrocarbon mixture that is separated from the natural gas during processing and recovered at the wellhead. This liquid condensate, also known as drip gas or natural gasoline, is often used to denature fuel alcohol.

Summary of Bill:

Oil is redefined in oil spill and cleanup statutes as oil of any kind that is liquid at 25 degrees Celsius and one atmosphere of pressure and any fractionation thereof. Added to the list of examples of oil covered by the definition are bitumen, synthetic crude oil, and natural gas well condensate.

Technical changes in the bill correct a reference to the Federal Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) hazardous substance list.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) The definition of oil is clarified to include bitumen oil from Canada and other synthetic crude oils. The bill changes the statutory definition to make it clear that these types of oils do fit into the DOE's statutory and regulatory framework. Tar sand oil is very different from other types of oils because it sinks if it is spilled. The authority to regulate and address these oils should be there. Recently, it was found that Oregon's economy around

non-consumptive uses was valued at \$2.4 billion. It is expected that Washington's valuation will be the same or bigger and needs to be protected.

(Opposed) None.

Persons Testifying: Denise Clifford, Department of Ecology; Darcy Nonemacher, Washington Environmental Council; and Joel Carben, Surfrider Foundation.

Persons Signed In To Testify But Not Testifying: None.